

ARTICLE APPEARED  
PAGE 49

TIME  
13 December 1982

AUSTRALIA

## Many Questions, Few Answers

*Did the CIA help topple a Labor government?*

The deed was done so swiftly and so unexpectedly that rumors still linger in Australia about what really happened. From the day in November 1975 when Governor-General Sir John Kerr sacked Prime Minister Gough Whitlam of the leftist Labor Party and replaced him with Opposition Leader Malcolm Fraser of the Liberal Party, allegations have surfaced that the CIA had a hand in Whitlam's fall. In an article entitled "Dateline Australia: America's Foreign Watergate?" published this week in the quarterly magazine *Foreign Policy*, University of Delaware Political Scientist James A. Nathan retraces those accusations and other charges of U.S. interference in Australian affairs. Given the fact that Whitlam's policies were straining the traditionally warm relationship between the U.S. and Australia, it is not unimaginable that the U.S. might have wanted Whitlam ousted, and that the CIA might have played a role. But the evidence is circumstantial and, as recounted by Nathan, not totally convincing.

Nathan's premise is that "a plausible case is being developed that CIA officials may have also done in Australia what they managed to achieve in Iran, Guatemala and Chile: destroy an elected government." Nathan recounts the rise of Whitlam, from his 1972 victory to the distrust that quickly developed between Washington and Canberra. Whitlam gave the U.S. State Department good reason to be nervous: his government recognized North Viet Nam and North Korea, removed a ban on the sale of strategic materials to the Soviet Union, and sent its Deputy Prime Minister on a tour of North Viet Nam.

U.S. intelligence officials, according to Nathan, were concerned about the future of the half a dozen U.S. electronic monitoring facilities in Australia that maintained watch over the Soviet Union, and especially its missile testing. The most important of these installations, by far, is at Pine Gap, a desolate sprawling base in central Australia, twelve miles from fabled Alice Springs, that employs some 250 Americans. The supersecret station helps pinpoint potential Soviet military targets and collects information from U.S. spy satellites orbiting overhead.

By 1975 the Whitlam government had so badly mishandled the economy that Opposition Leader Fraser succeeded in blocking passage of a budget bill in the Australia

ment about to run out of money, Kerr called Whitlam to his office on Nov. 11. As the duly appointed representative of the Queen of England, Kerr took the unprecedented but legal step of firing Whitlam.

Nathan offers other motives for Kerr's action. The lease for the base at Pine Gap was scheduled to expire on Dec. 10, Nathan says, and Whitlam had hinted that he might not renew the lease agreement with the U.S. In response, the CIA sent the Australian Security Intelligence

of two separate Australian investigations, to stir up domestic troubles for Whitlam.

The case set out by Nathan is long on speculation and short on evidence. The article is weakened by an insufficient understanding of political realities in Australia today. The author contends that whether or not the rumors are true, the Labor Party strongly suspects that the CIA did help dump Whitlam. Nathan predicts that if Fraser, who has been Prime Minister since 1975, continues to falter in the polls (his

current standing: 43%), and the Labor Party, now headed by Bill Hayden, 49, returns to power in 1983, "the alliance with America might be called into question." Hayden, according to Nathan, has called for joint control of U.S. bases and is under pressure from his party to reconsider its role in ANZUS, the Australia-New Zealand-U.S. security pact formed in 1951.

Yet Hayden is considerably less radical than Whitlam. Indeed, the entire Australian Labor Party has become more moderate in the past decade. Hayden has asked for shared control of only one of the U.S. bases: the North West Canal station, on the western coast of Australia, which maintains contact with U.S. subs in the Indian and Pacific oceans. The Labor Party has never called on Australia to pull out of ANZUS. Though a Labor government would pursue a more independent foreign policy, Hayden surely would maintain close ties with the U.S. Many Labor Party officials are privately convinced

that the CIA was linked to Nugan Hand in clandestine operations, but they do not draw any connection between these activities and the fate of the Whitlam government. Says a prominent Labor official: "Nathan's article looks like the work of a left-wing academic who has been listening to some of our left-wing academics."

Nathan, 40, explains that he wrote the story because he was struck by the number of rumors about CIA involvement he heard while teaching at the University of Adelaide earlier this year. He insists that his story is intended simply to present a summary of the allegations. As he told TIME: "This is meant to read as an agnostic's report on the case the believers are making in Australia." That explanation is a trifle disingenuous. Nathan sounds too many alarms in his story to claim that he is only demonstrating what the bells sound like. —By James Kelly.

Reported by John Dunn/Melbourne and Christ-



Whitlam greeting Governor-General John Kerr in 1974

*Rumors still linger about why he fired the Prime Minister.*

Organization (ASIO) a blistering cable. It said, in substance, that the U.S. agency might be forced to cut its ties to ASIO. The next day Kerr sacked Whitlam. Nathan notes that Kerr, an Australian-born lawyer, had been active in cultural front organizations funded by the CIA.

Nathan also describes a failed Sydney-based bank with alleged links to the CIA and drug traffickers. The Nugan Hand Merchant Bank, founded in 1973 by Australian Frank Nugan and an American, Michael Hand, boosted its assets from \$1 million to \$1 billion in three years, allegedly by laundering drug money from Southeast Asia. Nugan Hand employed an astonishing number of retired U.S. military and intelligence officers, thereby fueling speculation that the bank was essentially a conduit for CIA money. Several of the bank's employees were for-